

PBGC Issues Guidance Listing Triggers Under its Early Warning Program

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ERISA section 4042(a)(4) provides that the PBGC “may institute proceedings . . . to terminate a plan whenever it determines that the possible long-run loss of the corporation with respect to the plan may reasonably be expected to increase unreasonably if the plan is not terminated.” The PBGC investigates potential candidates for involuntary termination under its early warning program. The PBGC recently issued guidance listing examples of situations that would trigger such an investigation. Some examples relate to corporate transactions (e.g., transferring the plan to a weaker sponsor or controlled group following a controlled group breakup) whereas others relate to the financial deterioration of the plan sponsor (e.g., downgrading of a plan sponsor’s credit ratings or a downward trend in cash flow). [View a full list of the early warning triggers.](#)